

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AGR-10 L-03 H-02 AID-05 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 /081 W

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P R 012047Z JUL 75

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC PRIORITY 0493

INFO AMEMBASSY GUATEMALA

UNCLAS TEGUCIGALPA 2806

GUATEMALA FOR AGATT

E.O. 11652: N/A

TAGS: ETRD, EAGR, HO

SUBJ: HOUSE OF REPRESENTATIVES SUGAR HEARINGS AND REQUIRED
INFORMATION

REF: (A) STATE 141876

(B) TEGUCIGALPA A-61

1. INFORMATION REQUESTED IN PARA 2 OF REF A FOLLOWS:

A. COST OF PRODUCTION FOR RAW SUGAR EXMILL IS APPROXIMATELY
U.S.\$.07/POUND. THE COST FOR EXPORT SUGAR INCREASES THROUGH
A NET-BACK ARRANGEMENT WHEREBY THE PRODUCER RECEIVES
45 PERCENT OF THE DIFFERENCE BETWEEN INTERNAL AND EXPORT PRICES.

B. CURRENT GOVERNMENT SET RETAIL PRICE FOR REFINED SUGAR
IS U.S.\$.11/POUND.

C. UNIT VALUE FOR SUGAR EXPORT IN 1974 WAS U.S.\$.244/POUND.

D. INDUSTRY PROJECTED RAW SUGAR PRODUCTION AND EXPORTS BY
YEAR FROM 1975 TO 1980, IN SHORT TONS, ARE:

YEAR	PRODUCTION	EXPORTS
1975	87,770	12,500

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1976	87,500	0
1977	125,000	32,500
1978	200,000	100,000
1979	,7225,000	115,000

1980 225,000 104,000

E. DETAILS OF THE PLANNED EXPANSION OF THE HONDURAN SUGAR INDUSTRY ARE CONTAINED IN REF B.

F. ESTIMATED GROWTH RATE OF DOMESTIC CONSUMPTION IS 8 TO 10 PERCENT PER YEAR.

G. NEITHER THE GOH NOR LOCAL INDUSTRY HAS ENTERED INTO ANY LONG TERM EXPORT COMMITMENTS. THE LOCAL SUGAR INDUSTRY HAS THREE MARKET

ING PRIORITIES FOR ITS OUTPUT: THE FIRST IS THAT OF SATISFYING DEMAND IN THE DOMESTIC MARKET; THE SECOND IS THAT OF MEETING ANY SUGAR QUOTA ALLOCATED TO HONDURAS BY THE USG; AND THE THIRD IS THAT OF SELLING SUGAR ON THE WORLD MARKET TO THE HIGHEST BIDDER.

H. THE GOH IS ACTIVE IN SEVERAL IMPORTANT ASPECTS OF THE HONDURAN SUGAR INDUSTRY. THE GOVERNMENT ESTABLISHES WHOLESALE AND RETAIL PRICES OF SUGAR, IT MARKETS SUGAR, IT REQUIRES THAT LOCAL PRODUCERS SATISFY DOMESTIC DEMAND COMPLETELY BEFORE THEY ARE GRANTED PERMISSION TO EXPORT. THE STATE RUN DEVELOPMENT BANK (BANCO NACIONAL DE FOMENTO) IS CONSTRUCTING A U.S.\$13 MILLION MILL WHICH IT HOPES TO EVENTUALLY SELL TO THE NATIONAL FEDERATION OF SUGAR COOPERATIVES AND THE GOH INVESTMENT CORPORATION (CONADI) IS PARTICIPATING AS A DIRECT INVESTOR IN THE CONSTRUCTION OF A 5,000 SHORT TON/DAY MILL. SUGAR INDUSTRY SORCES REPORT THAT THEY RECEIVE SUPPORT AND ENCOURAGEMENT FFROM THE GOH BECAUSE OF THE FOREIGN EXCHANGE-EARNING CAPACITY WHICH THE SUGAR INDUSTRY REPRESENTS.

2. THE ABOVE DATA RELATING TO COST, PRICE, PRODUCTION, EXPORT, AND EXPANSION PLANS WAS OBTAINED FROM SOURCES IN THE LOCAL SUGAR INDUSTRY. UNIT VALUE OF SUGAR EXPORTS WAS OBTAINED FROM THE GOH MINISTRY OF ECONOMY.
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<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LEGISLATIVE BILLS, PRODUCTION DATA, SUGAR, US CONGRESSIONAL HEARINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TEGUCI02806
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750229-0413
From: TEGUCIGALPA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197507103/baaaaedj.tel
Line Count: 91
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 09 JAN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JAN 2003 by ThomasVJ>; APPROVED <03 MAR 2004 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 971010
Subject: n/a
TAGS: EAGR, ETRD, HO, US
To: STATE INFO GUATEMALA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006